

## **Resolution of the Presidents of Supreme Audit Institutions of Central and Eastern European Countries, Cyprus, Malta and the European Court of Auditors**

The Presidents of Supreme Audit Institutions (SAIs) of the Central and Eastern European Countries and the European Court of Auditors, meeting in Prague on 25 and 26 October 1999,

### **Considering**

- the Warsaw Resolution of March 1998 according to which the SAIs of CEECs and the ECA decided to endeavour to support the process of their countries accession into the European Union,
- that, with the same resolution, a working group was established to develop Recommendations to facilitate compliance with international audit standards and good European practices.

**Note** that the working group has achieved the objectives assigned to it by the meeting of Presidents and that as a result of this work, eleven Recommendations have been prepared:

**Recommendation 1:** Supreme Audit Institutions should have a solid, stable and applicable legal base that is laid down in the Constitution and the law and is complemented by regulations, rules and procedures.

**Recommendation 2:** Supreme Audit Institutions should have the functional, organisational, operational and financial independence required to fulfil their tasks objectively and effectively.

**Recommendation 3:** Supreme Audit Institutions should have powers and means that are clearly stated in the Constitution and the law to audit all public funds, resources and operations (including EU funds and resources), regardless of whether they are reflected in the national budget and regardless of who receives or manages these public funds, resources and operations.

**Recommendation 4:** Supreme Audit Institutions should undertake the full range of public-sector external auditing, covering both regularity and performance audits.

**Recommendation 5:** Supreme Audit Institutions must be able to report freely and without restriction on the results of their work. Reports may be submitted to Parliament and should be made public.

**Recommendation 6:** Supreme Audit Institutions, recognising existing national experience, should formally adopt, promulgate and disseminate auditing policies and standards, compliant with INTOSAI Auditing Standards, European Implementing Guidelines for INTOSAI Auditing Standards and any relevant public sector auditing standards issued by IFAC and accepted for application in the EU. Auditing standards should be applied on a consistent and reliable basis to an SAI's work to ensure that audit work is of an acceptable quality and competence. The SAIs should therefore develop auditing manuals and detailed technical guides to help promote the practical use and achievement of the standards.

**Recommendation 7:** Supreme Audit Institutions should ensure that their human and financial resources are used in the most efficient way to secure the effective exercise of their mandate. To this end, SAI management will need to develop and institute appropriate policies and measures to help guarantee that the SAI is competently organised to deliver high-quality and effective audit work and reports.

**Recommendation 8:** Supreme Audit Institutions should develop their internal organisation as a supportive structure for the proper conduct of work related to the requirements of the pre-accession period.

**Recommendation 9:** Supreme Audit Institutions should ensure that their staff are competent, capable and committed to help guarantee that effective audit work is produced in conformity with international standards and good European practices.

**Recommendation 10:** Supreme Audit Institutions should develop the technical and professional proficiency of their staff through education and training.

**Recommendation 11:** Supreme Audit Institutions should focus on the development of high-quality, effective internal (management) control systems in audited entities.

**Approve** these Recommendations and take note of the enclosed „Report concerning the Functioning of Supreme Audit Institutions in the Context of European Integration”.

### **Agree**

- that the implementation of the Recommendations will lay a solid foundation for the activities of the SAIs, in particular in the context of EU integration,
- to endeavour to give high priority on the use of the Recommendations in the future development and work of their institutions.

**Recognise** that the implementation of the Recommendations will be based upon the following strategies and instruments:

#### ***Strategy***

- The Recommendations are the basis for self-assessments of the situation in each SAI; workshops at the national level will consider and discuss the changes necessary to achieve the Recommendations,
- SAIs formulate national strategies for the implementation of the Recommendations,
- SAIs endeavour to carry out the actions required for the implementation of the Recommendations,

#### ***Instruments***

- Translation and distribution of the Recommendations to their staff and other interested and relevant parties,

- Appropriate use of outside expertise, competencies and resources (instruments such as PHARE, SIGMA and TAIEX) to assist and support this work; SIGMA is invited to assist and support the development of those strategies and actions.

**Invite** the working group to continue its activities in the following areas

- exchange of experiences and practices of implementation of the Recommendations, and especially on development of twinning programmes, methods of preparation of audit manuals, self-assessments, peer-reviews, strategic development planning, training and securing PHARE and other international funding,
- assisting the SAIs by preparing a questionnaire of self-assessment and a glossary of audit and accounting terminology.

**Request** the liaison officers to report during the next meeting of Presidents.

**Agree** to consider the issues related to the implementation of the Recommendations during the Presidents' meetings in the coming years.

**Thank** the members of the working group and the SIGMA experts, including the experts coming from EU SAIs, for the work they have done and expresses its appreciation.